

Supplier Collaboration

The hidden gem of winning loyalty campaigns

About 50 years ago, all the power of the food retail system lay in the hands of the fast-moving consumer goods companies, also known as consumer packaged goods (FMCG/CPG) companies; they could make major decisions regarding what does and does not end up on retailers' shelves. However, the growth of retail has made an enormous impact in leveling the playing field. This has led us to where we are today, where the determining player is the shopper.

CURRENT STATUS

80%

of food retail outlets are full-service supermarkets

Up to

25,000

SKUs are hosted by retailers in each store

Challenge

Making a return on investment with trade promotions

Introducing new products to the demanding shopper has become a huge challenge, not to mention being able to get attention for the items already on the shelves. For both the retailer and the supplier, the game has become not only about the offer but also location, positioning, presentation, visibility, and many other variables. The most popular marketing technique, applied to this day, became trade promotions. However, it is a costly bargain that rarely produces any return on investment.

So how can everyone win in this present-day scenario? The retailers, the FMCG/CPG companies, and the shoppers.

With more than 25 years of experience in food retail, BrandLoyalty has cracked the code.

Supplier Collaboration

Throughout time, collaboration has been a way to innovate as well as mutually create efficiencies, improve communication, and increase success – the latter is the focal point in this case. Supplier collaboration is a framework BrandLoyalty has implemented to enhance the shoppers' offer and take our campaigns to the next level.

+ loyalty

When supplier collaboration is combined with our award winning loyalty campaigns, it boosts trade promotions and creates additional wins for shoppers and retailers. It increases demand, product visibility, and awareness by allowing shoppers to receive additional stamps or gifts after purchasing specific products.

= SUCCESS

This framework creates extra incentives to speed up the reward process, which, in the end, results in higher participation. Research has shown that a regular product discounted by 10% results in 27% sales growth. However, a product included in supplier collaboration and participating in our campaign, with a 0% discount, results in a 45% sales uplift!

Did you know?

We fully support retailers throughout the whole process of implementing supplier collaboration into the loyalty campaigns. From getting the FMCG/CPG companies on board, explaining the benefits and the way it works, organizing supplier events, to the execution – BrandLoyalty is there to guide you, every step of the way.

Supplier collaboration is a framework BrandLoyalty has implemented, examined, and researched during more than 2,500 programs from around the world – giving us a clear overview of the positive impact on all fronts. Based on our data, an average of 60–75% of the total loyalty campaign investment has been secured through supplier collaboration by retailers, and most FMCG/CPG companies repeatedly participate in our campaigns.

WIN WIN WIN All stakeholders benefit with supplier collaboration

Retailers

The benefits

Through supplier collaboration, retailers can, without increasing the investment, boost the offer for shoppers. This makes the campaign more successful and allows more shoppers to stretch their spend during the campaign.

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| 1 | Enhancing the shoppers' offer | 2 | Higher shopper participation during the program. |
| 3 | Higher ROI of the program. | 4 | Providing FMCG suppliers with new sales growth opportunities. |

FMCG/CPG suppliers

The benefits

For the supplier, this strategic alliance with the retailer as part of a loyalty program offers an additional opportunity to increase sales and market share while maintaining a healthy net margin.

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| 1 | Managing price perception (stay away from negative price spiral). | 2 | Grow volume and sales. |
| 3 | Increase penetration amongst all groups of shoppers. | 4 | Unique opportunity to successfully introduce a new assortment or new brand launch. |
| 5 | Grow brand and product awareness | | |

Shoppers

The benefits

Shoppers are looking for their beloved brands, even more so when those brands are linked to our loyalty campaigns; the additional benefit of earning an extra stamp or reward is a strong motivator for shoppers to continue participating in the program to complete their collection.

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| 1 | Ability to save faster and earn more rewards during the promotional period. | 2 | Improves the loyalty program offer. |
| 3 | Better perceived value of shoppers' beloved products. | | |

Don't just take our word for it!

Success stories

Lowes Foods

Lowes Foods – an American supermarket chain – ran a wonderful vivo | Villeroy & Boch cookware campaign in 2019. The program proved to be a true success, with 83% of campaign awareness among all shoppers, 2.9% increase in total sales, and eventually 121% return of investment for the retailer.

Interestingly, research shows the program's success has been largely influenced by Lowes partnering with its vendors. With 131 partners agreeing to participate in the program, we observed a 5.1% incremental sales growth for 80% of the products, driven by a unit volume growth of 10.1%. Some suppliers even achieved an incremental sales growth of 13.1%!

Pick n Pay

A few years ago, one of the biggest supermarket chains in South Africa – Pick n Pay – ran a colorful and educational Super Animals campaign. It's fair to say the campaign brought happiness and results to all stakeholders involved. Shoppers and their kids could learn about the indigenous fauna, flora, landscapes, and associated cultural heritage of the country while buying their favorite items to earn bonus cards. Meanwhile, all 63 vendors promoting their products via supplier collaboration during the campaign period saw an average of 26.8% sales growth for the featured products! Additionally, a 23.4% increase in unit sales was noted.

Coles & Coles Express

In 2020, we ran a 100% recyclable Stikeez program in Australia with Coles and Coles Express. Taking over more than 1,500 stores nationwide, this program is an excellent example of how supplier collaboration can take a loyalty campaign to the next level. The program was all about creating exciting incentives for kids to eat more fruit and vegetables, and it worked! Coles noticed a 6.2% sales increase in fresh produce. Suppliers benefited from this campaign as data clearly showed an average spend increase on products participating in the campaign. The difference was visible when comparing year-on-year sales data with the featured brands at other retailers.

Poya

Poya Taiwan, a personal care store focused on the beauty, cosmetics, hair, oral hygiene, and feminine care categories, has run three consecutive programs with BrandLoyalty. For each of the campaigns, major suppliers participated. For the latest Hello Kitty "Sweet Life" shopping bag campaign launched in August 2021, 43 manufacturers and 98 brands across 7 categories took part, including multinational brands like P&G and Unilever.

The result was an average of 11.3% sales growth for the products involved!

Did you know?

Through supplier collaboration, we have seen a sales uplift across all product categories ranging from 8% in sweets category to over 100% growth in home and personal care categories!

Matching product categories with the concept is an additional push to make the supplier collaboration even more successful; offering extra stamps for products like wine and cheese during a glassware campaign is highly effective.

Want to monitor supplier collaboration day-to-day? Use our eyes and ears for in-store execution – StorePal!

Testimonials

“(..) these promotions are very profitable with less discount and higher volumes compared to price-off promotions.”

Dr. Bas Wels

Marketing Manager BeNeLux at Ferrero

“I see that these loyalty promotions are better [than discounts] because they reduce price-based competition.”

Dr. Phumdanai Damrongsiri

Key Account Manager Thailand at Coca-Cola

“We have seen a significant sales uplift among our participating SKUs. This special promotion brings new customers to my brands.”

Dr. Thiti Wittayathammatuch

Key Account Manager Thailand at Loreal

“(..) with an additional bonus stamp given to the consumers, we increased product revenues. These promotions are usually on top of our standard annual agreements, giving Unilever an extra opportunity to lift sales in a healthy and profitable way with our key retailer partners.”

Dr. Thiti Wittayathammatuch

Key Account Manager Thailand at Loreal